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ABSTRACT

This pamphlet provides basic facts about the U.S. Department of Education's Direct Loan Program for students. These loans include Federal Direct Stafford/Ford Loans, Federal Direct Unsubsidized Stafford/Ford Loans, Direct PLUS Loans, and Direct Consolidation Loans. The pamphlet's sections are: (1) "The Direct Loan Program: What Is It?"; (2) "How Do I Learn More about It?"; (3) "Are Direct Loans Right for You?"; (4) "Low Interest Loans"; (5) "Easy Application Process"; (6) "One Lender, One Contact"; (7) "Online Access"; (8) "Electronic Debiting"; (9) "Flexible Repayment Options"; (10) "Applicant Services"; and (11) "Borrower Services." (EV)

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Direct Loans

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way to finance you[illegible]

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Direct Loans

a better way to borrow

The Direct Loan Program: What Is It?

The Direct Loan Program is a Student Financial Assistance (SFA) program of the U.S. Department of Education that provides students with a simple, convenient, and flexible way to borrow money to pay for education after high school.

Schools that participate in the Direct Loan Program receive loan funds directly from the U.S. Department of Education and pay them to eligible* students.

Direct Loans are:

- **SIMPLE — borrow directly from the federal government**
- **CONVENIENT — access Direct Loan resources and your account information online, 24 hours a day, 7 days a week**
- **FLEXIBLE — choose from four repayment options**

How Do I Learn More About It?

Ask your school's financial aid administrator about this Student Financial Assistance (SFA) program of the U.S. Department of Education.

Are Direct Loans Right For You?

Before you decide to borrow money for your education, visit your school's financial aid office to learn about sources of financial aid that do not have to be repaid, such as scholarships or fellowships, grants, and work-study funds. If you do decide to borrow money, and you are eligible to receive Direct Loans,* you will benefit in several ways as described on the following pages.

** You are eligible to receive Direct Subsidized and Direct Unsubsidized Loans if you are enrolled at least half time at a school that participates in the Direct Loan Program and you meet other eligibility requirements for federal student aid programs. See your school's financial aid administrator for details. For Direct PLUS Loans and Direct Consolidation Loans, other eligibility requirements apply. Contact us for more information.*

Low Interest Loans

The Direct Loan Program offers four types of low interest loans:

- **Direct Subsidized Loans**, also called *Federal Direct Stafford/Ford Loans*, are awarded based on your financial need. Your school determines your financial need, in part, from the information you provide on your financial aid application. With a Direct Subsidized Loan, the federal government does not charge you interest before you begin repayment or during authorized periods of deferment (postponement of repayment).
- **Direct Unsubsidized Loans**, also called *Federal Direct Unsubsidized Stafford/Ford Loans*, are not awarded on the basis of need. If you are an eligible student, you may borrow up to the cost of your attendance minus any other financial aid you receive. However, you may not borrow more than the maximum annual amount. (See table below.) The federal government charges you interest from the time the loan is paid out to you until you pay the loan in full.
- **Direct PLUS Loans** help parents pay their dependent children's education expenses. Your parents may borrow up to the amount of your cost of attendance minus any other financial aid that you receive. The federal government charges your parents interest from the date the first disbursement is made until the loan is paid in full.
- **Direct Consolidation Loans** simplify repayment by combining one or more federal education loans into one new Direct Consolidation Loan. If you combine your loans into a Direct Consolidation Loan, you'll have only one loan, one lender, and one monthly payment.

Interest Rates for Direct Subsidized, Direct Unsubsidized, and Direct PLUS Loans are variable and may change each year of repayment. Interest rates for Direct Consolidation Loans are fixed. By law, interest rates will not exceed 8.25% for Direct Subsidized, Direct Unsubsidized, and Direct Consolidation Loans and 9% for Direct PLUS Loans.

Maximum Annual Loan Amounts for Direct Subsidized and Direct Unsubsidized Loans*

Borrower's Academic Level	Dependent Student**	Independent Student	
	Total Amount Subsidized & Unsubsidized	Total Amount Subsidized & Unsubsidized	Subsidized Loan Limits
1st year undergraduate	$2,625	$6,625	No more than $2,625 of this amount may be in subsidized loans
2nd year undergraduate	3,500	7,500	No more than $3,500 of this amount may be in subsidized loans
Subsequent years undergraduate	5,500	10,500	No more than $5,500 of this amount may be in subsidized loans
Graduate or professional student	N/A***	18,500	No more than $8,500 of this amount may be in subsidized loans

*These are the maximum amounts that you can borrow for a full academic year. For periods of study that are shorter than an academic year, the maximum amounts you can borrow may be less. Your school's financial aid office will determine the specific amounts that you are eligible to borrow.

**When you apply for federal student aid, your answers to certain questions will determine whether you're considered dependent or independent. See *The Student Guide* or your school's financial aid administrator for more information.

***All graduate/professional students are considered independent.

Direct Loans

Easy Application Process

Applying for a Direct Loan is easy! Just complete the appropriate application.

- You apply for **Direct Subsidized** and **Direct Unsubsidized Loans** at the same time that you apply for other types of federal student aid by filling out a **Free Application for Federal Student Aid (FAFSA)**. Based on the information you provide on the FAFSA, your school will determine the type and amount of financial aid you are eligible to receive, including Direct Subsidized and Direct Unsubsidized Loans.

Submitting Your FAFSA — 4 Ways to Apply		
You can apply	**Using**	**Find it at**
Online The fastest way to submit your FAFSA	**FAFSA on the Web**	**www.fafsa.ed.gov**
Electronically From your home computer or a computer at a central location such as your school's financial aid office or a local library.	**FAFSA Express Software**	**www.ed.gov/offices/OPE/express.html** or call **1-800-801-0576** **(TTY users 1-800-511-5806)**
Electronically through your school	**Electronic submission by your school**	**Your school's financial aid office**
By mail	**Paper FAFSA**	**Your school's financial aid office** or call **1-800-4-FED-AID (1-800-433-3243)**

- If you are a dependent student, one of your parents may apply for a **Direct PLUS Loan** using an application available at your school's financial aid office.
- If you would like to consolidate your loans, you can apply for a **Direct Consolidation Loan** online, download a copy of the application, or have an application packet mailed to you. Visit our Web site at **http://loanconsolidation.ed.gov** or contact our Consolidation Department for more information. See the "Contact Us" section of this brochure.

One Lender, One Contact

You make payments to one place, and you can contact the Department's Direct Loan Servicing Center by mail, email, or telephone with questions or concerns about your loans. Even if you receive Direct Loans at different schools, you will deal with only one Servicing Center. And if you ever need to talk about options for postponing payment, you simply contact one lender – us!

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Simple

Online Access

Borrower account information, budget and repayment calculators, Direct Loan publications, and links to Direct Loan schools are all available on our Web site. The privacy of your personal account information is protected by a personal identification number (PIN).

Online you can:

- Review your payment history
- Get details about loan funds credited to your account
- Estimate your monthly payments using the Repayment Plan Calculator
- Plan your budget
- Select your payment due date
- Report a change in your address
- Ask a question about your loan
- Get loan counseling before you receive your loan funds (entrance counseling) and before you begin repayment (exit counseling)
- Read publications for Direct Loan borrowers
- Find out what schools participate in the Direct Loan program and visit their Web sites

Visit our Web site for a complete listing of services available online.

www.ed.gov/DirectLoan

Electronic Debiting

Electronic Debiting allows your bank to automatically deduct your monthly Direct Loan payments from your checking or savings account. There is no check or statement to mail, and your payments are always on time. In addition, as an incentive to use this convenient payment method, we offer a reduction in your interest rate.

Convenient

Flexible Repayment Options

After you graduate, leave school, or drop below half-time enrollment, you have a six-month period, called the ***grace period***, before you begin repayment on a Direct Subsidized or Direct Unsubsidized Loan. If you return to school at least half time before your grace period ends, repayment of your loan will again be delayed until six months after you leave school.

There is no grace period for Direct PLUS Loans. A parent borrower must begin repaying a Direct PLUS Loan shortly after the loan has been fully disbursed.

Repayment Plans

The Direct Loan Program offers four repayment plans. You select the one that's right for your financial circumstances,* and you may switch repayment plans at any time without penalty by contacting our Borrower Services Department.

- **The Standard Repayment Plan** requires fixed monthly payments (at least $50) for up to 10 years. The length of the repayment period depends on the amount you owe when your loans enter repayment.
- **The Extended Repayment Plan** allows loan repayment to be extended over a period of 12 to 30 years, depending on the total amount you owe when your loans enter repayment. You'll still pay a fixed amount each month (at least $50), but your monthly payments will be less than they would be under the Standard Repayment Plan because you can take more than 10 years to repay.
- **The Graduated Repayment Plan** allows payments to start at one level and increase every two years. The repayment period varies from 12 to 30 years depending on the total amount you owe when your loans enter repayment. This plan may be helpful if your income starts out low but will increase steadily.
- **The Income Contingent Repayment Plan** bases monthly payments on your yearly income, family size, and loan amount. As your income rises or falls each year, so do your payments. After 25 years, any remaining balance on the loan will be forgiven, but you may have to pay taxes on the amount forgiven.

**Direct PLUS Loan (including Direct PLUS Consolidation Loan) borrowers may choose only the Standard, Extended or Graduated Repayment Plan. Direct PLUS Loans may not be repaid under the Income Contingent Repayment Plan.*

Prepayment

You may prepay your loan—that is, pay your entire loan or make a payment larger than agreed upon—at any time without penalty.

Flexible

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Applicant Services

General information about the Direct Loan Program

Telephone number: (800) 557-7394
TDD: (800) 557-7395
Email: loan_origination@mail.eds.com

Borrower Services

Assistance with:
Questions about your loan ▪ Address/name changes ▪ Estimated repayment information ▪ Repayment plan changes ▪ Deferment and forbearance forms

Telephone Number: (800) 848-0979 or (315) 738-6634
TDD: (800) 848-0983
Email: osfadlborrowerservices@ed.gov
Mail to:
U.S. Department of Education
Borrower Services Department
Direct Loan Servicing Center
P.O. Box 4609
Utica, NY 13504-4609
Web Site: **http://www.dlservicer.ed.gov**

CONSOLIDATION DEPARTMENT
For assistance with
Questions about Direct Consolidation Loans ▪ Direct Consolidation Loan application requests ▪ Direct Consolidation Loan application status

Telephone Number: (800) 557-7392
TDD: (800) 557-7395
Email: loan_consolidation@mail.eds.com
Mail to:
U.S. Department of Education
Consolidation Department
Loan Origination Center
P.O. Box 242800
Louisville, KY 40224-2800
Web Site: **http://loanconsolidation.ed.gov**

Contact Us

We Help Put America Through School

See *The Student Guide* for more information about Direct Loans and other federal student financial assistance programs. *The Student Guide* is available at your financial aid office and online at www.ed.gov/prog_info/SFA/StudentGuide. You may also request a copy from the Federal Student Aid Information Center by calling 1-800-4-FED-AID (1-800-433-3243).